

M/s. India Cine Agencies v. Commissioner of Income Tax, Madras

Civil Appeal No. 3649 of 2003 and connected proceedings (full list below)

[2008] 15 SCR 1122 | 2008-11-12

Whether conversion of jumbo photographic-film rolls into small flats and rolls of desired sizes qualified as manufacture or production for the historical deductions in the appeals.

32AB | 80HH | 80-I | Eleventh Schedule item 10

Two-judge bench | Dr. Arijit Pasayat, J. | Dr. Mukundakam Sharma, J.

Assessment years: See the source-scope notes; no year inferred.

Specific film-conversion holding; judicial pages bound out of order

The appeals concern the historical manufacture/production requirement for converting jumbo photographic film into smaller usable formats. This is not a general rule for every processing or repacking activity, nor a removal of every Schedule exclusion. Physical PDF pages 5–7 are printed SCR 1128,1127,1126 and must be read in reverse for continuity. Assessment years and computation amounts are not supplied; current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

The common appeals concerned assesseees converting jumbo rolls of photographic film into smaller flats and rolls in required sizes. They sought benefits under sections 32AB, 80HH and 80-I. Revenue denied that the activity constituted manufacture or production, and some High Court decisions also relied on item 10 of the Eleventh Schedule. The assesseees appealed from the adverse High Court decisions. Eight civil-appeal identifiers are printed; the judicial narrative gives no assessment-year or undertaking-by-undertaking computation table (paragraphs 1–2 and reported cause list).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The Court considered the commercial-transformation test: a process is not necessarily manufacture simply because something changes; the result must be commercially recognisable as a new and distinct article with its own character, use or name. A sequence of interconnected operations can produce that result. It drew on its cited sales-tax and excise decisions, including Kores India, while addressing the income-tax question before it (paragraphs 3–8).

Production has a wider scope than manufacture. The Court used Sesa Goa's discussion and the principles from N.C. Budharaja to explain that production can include bringing new goods into existence by a process even where it does not technically constitute manufacture. The lengthy dictionary and statutory-definition extracts illustrated usage; they were not wholesale amendments of the Income-tax Act by importing another enactment's definition (paragraphs 9–11).

The Court also reasoned that, if manufacturing activity did not exist at all, the High Court's resort to Eleventh Schedule item 10 to exclude the activity would not arise. Read with its manufacture/production analysis and final allowance, the judgment resolved the common qualification issue for this photographic-film conversion. It did not rewrite all Schedule exclusions or adjudicate an excise-duty demand (paragraphs 12–13).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The assessees' appeals were allowed. The contrary manufacture/production conclusion underlying the denial of the historical deductions was rejected. No remand, quantified allowance or express costs direction appears in the final paragraph; the result should not be expanded into a fresh computation of every deduction condition (paragraph 13).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assesseees

All eight listed assessee appeals allowed

Final on the common manufacture/production issue raised for the identified conversion activity

No assessment years or deduction amounts supplied. No blanket rule that every cutting, repacking or processing activity qualifies, and no universal repeal of Eleventh Schedule exclusions or present deduction certificate.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Match the input, actual operations, commercially usable output and governing statutory words. A production limb is wider than manufacture, but the presence of a quotation about repacking or a definition from another Act does not automatically decide a different taxpayer's process. Keep other deduction conditions and the applicable Schedule version separate from the common activity issue decided here.

For source citations, use the PDF's real physical-page coordinates: three judicial pages are bound in reverse order. The complete text is present and was read in logical order; the original is retained unchanged. The historical sections and later definitions or deduction changes have not been comprehensively audited.

Source: See the proposition-specific paragraph and PDF-page references below.

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 3649 of 2003 / Civil Appeal No. 3650 of 2003 / Civil Appeal No. 1522 of 2007 / Civil Appeal No. 3720 of 2007 / Civil Appeal No. 451 of 2008 / Civil Appeal No. 452 of 2008 / Civil Appeal No. 6835 of 2005 / Civil Appeal No. 6836 of 2005

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, eight appeals and common issue

Source url: [Open cited source](#)

Pdf pages: 1; 4

Paragraphs: Cover; cause list; 1

Source role: reported metadata and judicial text

2.

Topic: Actual activity and manufacture test

Source url: [Open cited source](#)

Pdf pages: 4; 7

Paragraphs: 1–4

Source role: judicial text

3.

Topic: Transformation test and cited authorities

Source url: [Open cited source](#)

Pdf pages: 7; 6; 5

Paragraphs: 3–9; deliberately source-relative page order

Source role: judicial text

4.

Topic: Production and comparative definitions

Source url: [Open cited source](#)

Pdf pages: 5; 8; 9; 10; 11

Paragraphs: 9–11

Source role: judicial text

5.

Topic: Schedule observation and final allowance

Source url: [Open cited source](#)

Pdf pages: 11

Paragraphs: 12–13

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Dr. Arijit Pasayat, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 11 PDF pages; SHA-256

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Complete judicial paragraphs 1–13 on physical pages 4–11. Physical pages 5,6,7 contain printed SCR pages 1128,1127,1126 in reverse order; read logically as physical 4,7,6,5,8,9,10,11. Earlier material is editorial; no adjacent judgment.

[Open cited source rendition](#)

The PDF physically places SCR 1128, 1127 and 1126 at pages 5, 6 and 7 respectively. The logical judicial sequence is physical pages 4,7,6,5,8–11. This is a source-page-order issue, not permission to silently rearrange the original.; The frozen metadata lists only the lead appeal; the reported case list supplies eight matters. No appeal-to-assessment-year mapping is provided.; The discussions of mineral extraction, film-production labour legislation and excise definitions are quoted comparisons, not facts about these assesseees or independently adjudicated tax liabilities.; Paragraph 13 allows the appeals without expressly addressing costs; no no-costs direction is invented.

STATUTORY SCOPE

Current statutory equivalence and 2025 Act applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 11](#)

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